



FUNDSINDIA

MONTHLY MARKET INSIGHT

APR 2021

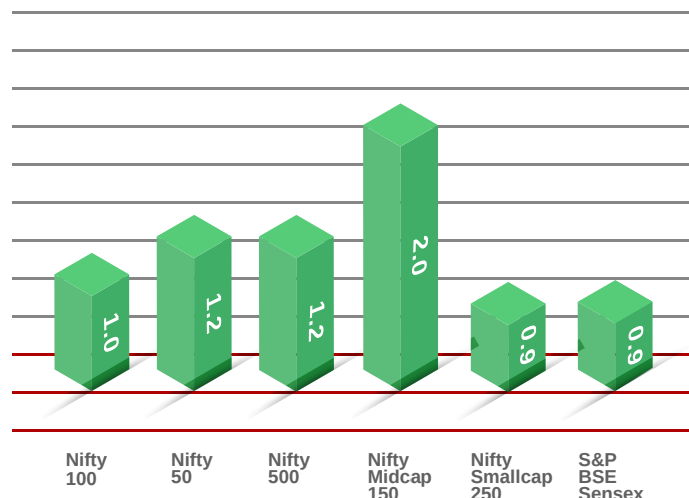




MARKET INDICATORS	RETURNS (%)			
	6M	1Y	3Y	5Y
Nifty 100	30.6	71.2	13.5	15.0
Nifty 50	31.2	72.5	14.6	15.1
Nifty 500	32.4	77.6	12.6	15.2
Nifty Midcap 150	39.2	101.6	11.8	17.5
Nifty Smallcap 250	39.5	118.7	4.6	12.7
S&P BSE Sensex	30.5	69.8	15.8	15.7

All indices are TRI.

MARKET RETURNS (%) IN Mar-21



HOW FUNDS HAVE PERFORMED

EQUITY-ORIENTED FUND RETURNS (%)			
CATEGORY	1Y	3Y	5Y
Large Cap	62.8	11.6	13.0
Large & Mid	72.8	10.7	14.2
Multicap*	71.6	10.6	13.8
ELSS	70.2	10.5	14.0
Mid cap	86.8	11.0	15.1
Small cap	104.6	8.7	15.0
Hybrid Aggressive	53.2	9.8	11.7

* Includes Flexicap, Value, Dividend Yield and Focused funds

DEBT-ORIENTED FUND RETURNS (%)			
CATEGORY	6M	1Y	3Y
Hybrid Conservative	6.9	16.0	6.1
Medium duration*	1.8	4.3	6.0
Dynamic Bond	1.5	4.9	6.9
Credit Risk	1.8	-0.9	1.4
Debt Short term [#]	2.5	7.1	6.9
Debt Ultra - short term ^{\$}	2.1	5.8	5.6
Liquid	1.5	3.4	5.5

* includes Medium duration and Corporate bond funds

[#] Includes short duration and banking & PSU funds

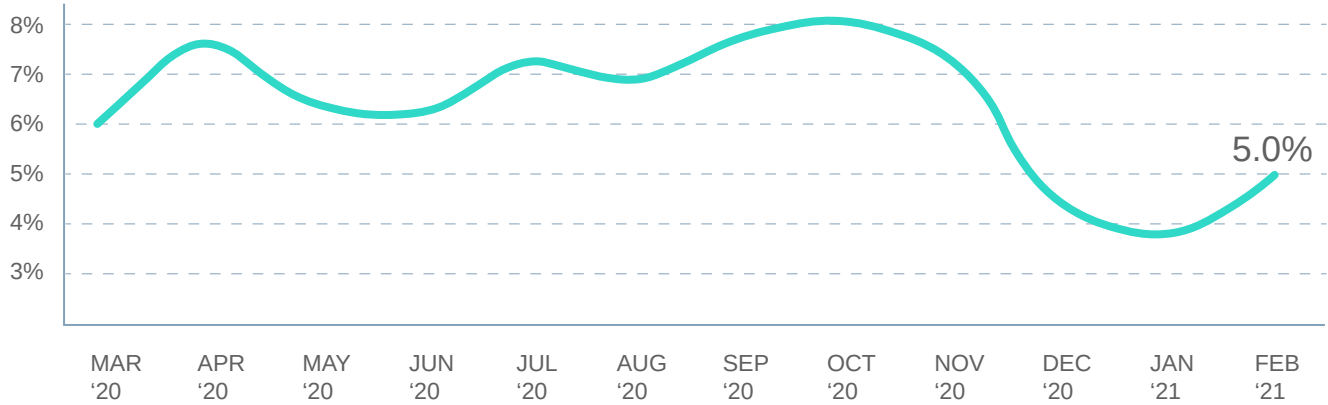
^{\$} Includes low duration, ultra-short duration, money market and floater funds

Source: MFI, FundsIndia Research. Average returns for each category as on March 31, 2021.
Returns over 1 year are annualised.
Returns less than 1 year are absolute.



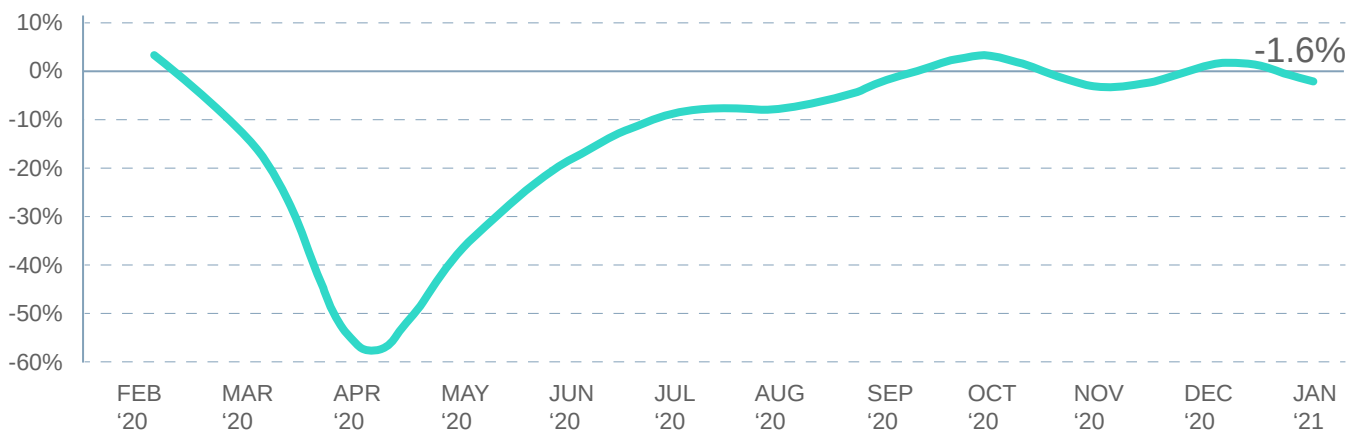
MACRO TRENDS

CONSUMER INFLATION



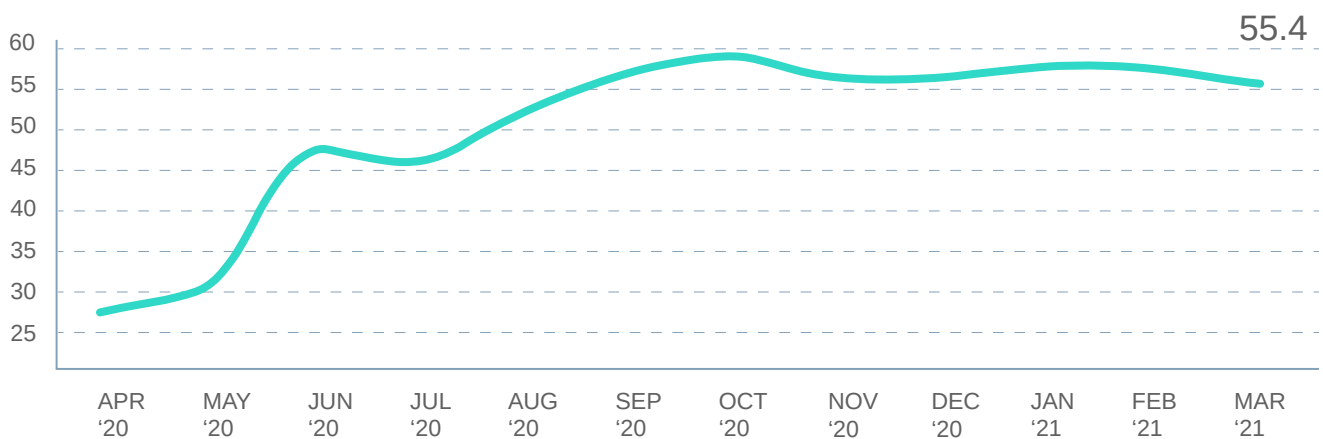
Source: NSO, MOSPI

INDEX OF INDUSTRIAL PRODUCTION – GROWTH



Source: NSO, MOSPI

MANUFACTURING PMI



Source: Markit Economics

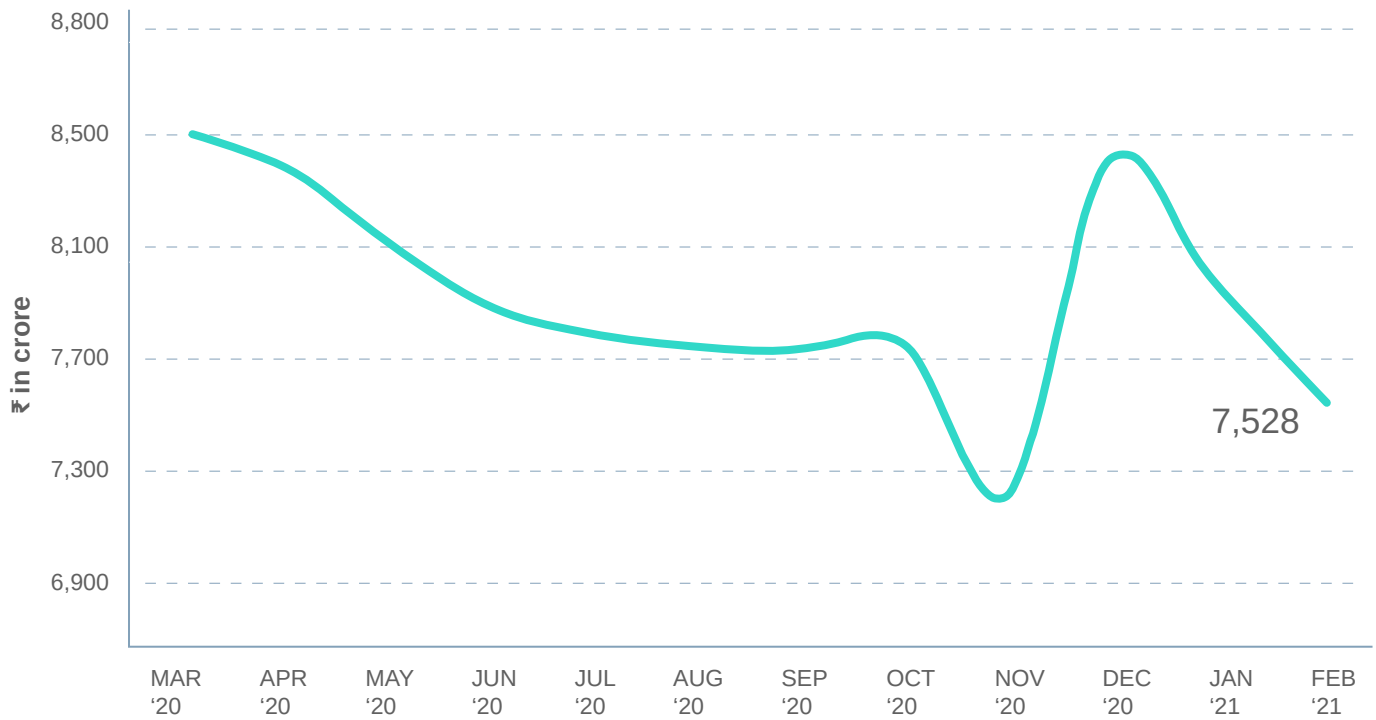


The Newsmakers

- Consumer Price Index (CPI) Inflation rate rises to 5.0% in Feb-21 from 4.1% in Jan-21. The increase in prices of the following three segments led the rising inflation rate in Feb-21:
 - Food and Beverages (Constitutes 54.2% of Inflation basket): 4.3%.
 - Transport and Communication (Constitutes 7.6% of Inflation basket): 11.4%
 - Health (Constitutes 6.8% of Inflation basket): 6.3%
- The Index of Industrial Production (IIP) growth rate dropped 1.6% in Jan-21 compared to an expansion of 1.0% in Dec-20. Among the three key sectors,
 - The IIP of Mining contracted by 3.7% in Jan-21 compared to a contraction of 4.2% in Dec-20.
 - The IIP of Manufacturing sector dropped 2.0% in Jan-21 after it grew by 2.1% in Dec-20.
 - The IIP of Electricity sector stood at 5.5% in Jan-21 compared to 5.1% in Dec-20.
- The Manufacturing Purchasing Managers' Index (PMI) stood at 55.4 in Mar-21 compared to 57.5 in Feb-21. This is the lowest since Sep-20. However, the index above 50 indicates improvement since previous month and it also remained above three-year average (51.8). The report states that the latest reading was indicative of a substantial improvement in the health of the manufacturing sector.
- Gross GST Revenue collection surged to Rs. 1.24 Lakh Cr in Mar-21, compared to 1.13 Lakh Cr in Feb-21, marking the sixth straight month of the collection above 1 Lakh Cr since Sep-20. The revenue collection in Mar-21 increased by 27% compared to the revenue collection in Mar-20.

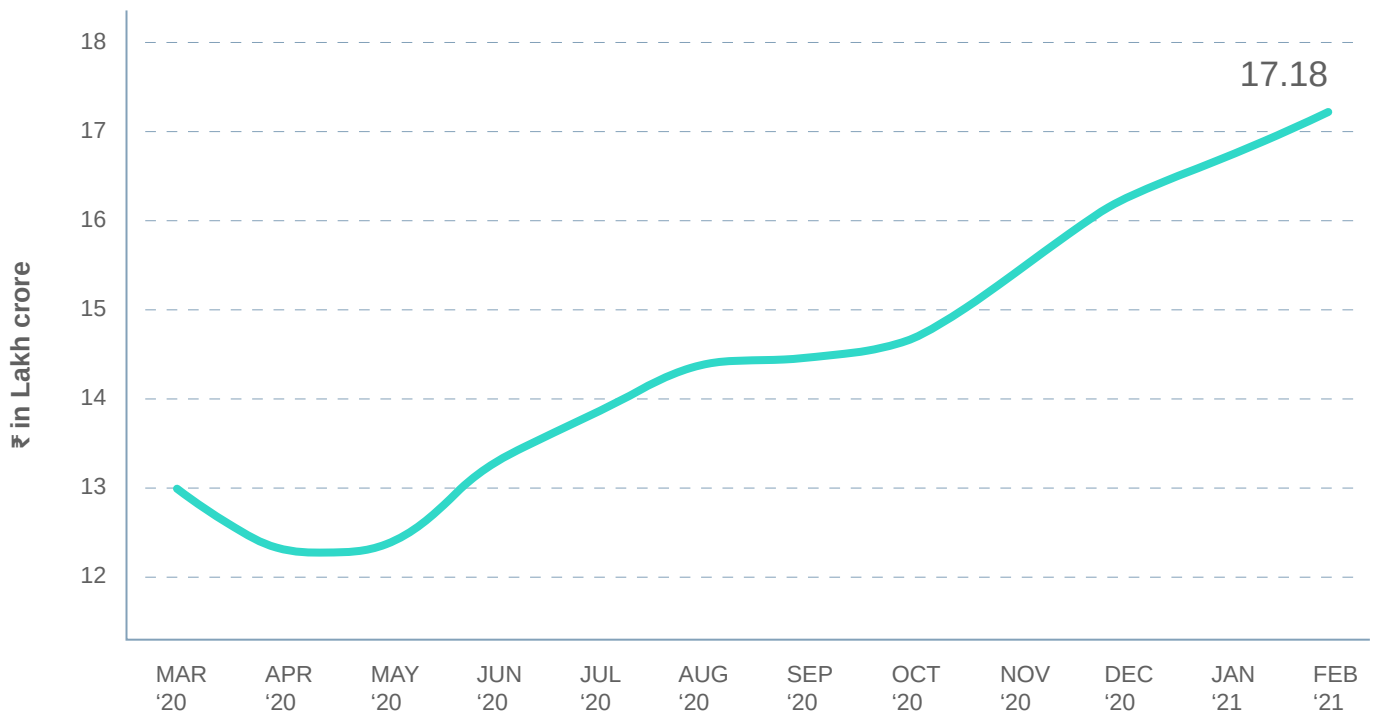


INDUSTRY SIP INFLOWS OVER THE LAST 12 MONTHS



Source: AMFI

TOTAL RETAIL AND HNI AUM



Source: AMFI



What our Research Team is saying

What happens when you start your Equity SIP and the market crashes?

As markets continue to rally, which in fact is good news for all Equity SIP investors, this also brings along with it some lingering concerns.

- I was planning to start a new SIP. But the markets have already rallied. I think I will wait for a few months before starting my SIP.
- Markets are close to their all time highs. My SIP investments have done well. Should I stop my SIP investments for the time being and start at a later point?

All these questions deep down are rooted in a perennial fear that all of us have –

“What if I invest now and the market falls?”

While this is a genuine pain point for lumpsum investors, Equity SIP investors already have this sorted!

How?

Even if equity markets fall immediately after you start your SIP, you will still end up making good returns over longer time horizons!

Sounds gimmicky. I know. But let us explore the logic behind this.

[Click here to read more](#)

A Primer on Making Sense of Debt Fund Returns!

In the last few weeks, you would have suddenly noticed that some of your debt mutual funds have given slight negative returns. The extent of negative returns would be different based on the category of funds you are invested in.

Nevertheless, there is a good chance that you are beginning to worry as to what is happening.

Now before you jump the gun and take some hasty decisions, let me try and help you make sense of what is happening. Once you understand the reasons, you can make an informed decision

[Click here to read more](#)



Floating Rate Funds – Many a Slip Between the Cup and the Lip

What's happening?

Most debt funds (especially the ones with higher duration) have seen a dip in returns over the last 2 months as yields have gone up sharply.

The increase in yields were led by concerns on:

- Higher than expected government borrowing programme announced in the budget
- RBI's intent to normalize the liquidity measures announced during the Covid crisis
- Global Yields going up on inflation concerns
- Possibility of domestic inflation going up led by the expected economic recovery and increase in commodity prices (especially crude)

What is our view?

[Click here to read more](#)



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